

**IN THE CHANCERY COURT FOR DAVIDSON COUNTY, TENNESSEE
TWENTIETH JUDICIAL DISTRICT**

STATE OF TENNESSEE, ex rel.)	
ANNE B. POPE,)	
)	
Petitioner,)	
)	
v.)	No: 01-3206-III
)	
TENNESSEE COORDINATED)	
CARE NETWORK,)	
MEDICAL CARE MANAGEMENT)	
COMPANY, and)	
ACCESS HEALTH SYSTEMS, INC.)	
Respondents.)	

**MOTION TO FILE FEE SUMMARIES OF SPECIAL DEPUTY, SPECIAL COUNSEL
AND LIQUIDATION SUPPORT CONTRACTORS
AND TO PLACE UNDER SEAL INVOICES CONTAINING
DETAILED DESCRIPTION OF SERVICES**

Commissioner Anne B. Pope (“Commissioner”) is the statutorily-appointed Liquidator for Tennessee Coordinated Care Network (“TCCN”) in liquidation. Courtney N. Pearre, Esq. and Eva C. Madison have been appointed by the Commissioner as Special Deputy Liquidators for purposes of liquidating TCCN. The Commissioner moves this Court for an Order allowing the detailed descriptions and invoices of the Special Deputy Liquidators, Special Counsel and Liquidation Support Contractors to be filed under seal for review by the Court. The Commissioner further moves the Court to require public filing of only summary information relating to amounts paid to the Special Deputy Liquidators, Special Counsel and Liquidation Support Contractors.

The Commissioner, consistent with her statutory duties and this Court’s prior procedures, will submit statements of fees to this Court. However, in order for the Special Deputy Liquidators, Special Counsel and Liquidation Support Contractors to provide sufficient detail in their billings to satisfy the Commissioner’s needs, it is reasonably anticipated that those descriptions of services would contain privileged information concerning the work undertaken by these attorneys, individuals, and/or companies. In order to preserve privileges, including the attorney-client and attorney work product privileges, and to avoid any appearance of waiver of such privileges, the Commissioner asks that this Court order the following:

A) Summaries containing amounts paid, recipients, and duration of covered services from the Special Deputy Liquidators, Special Counsel, and Liquidation Support Contractors will be filed, sent to those identified on the service list, and made available for public inspection; and

B) Detailed fee statements containing descriptions of services rendered by the Special Deputy Liquidators, Special Counsel, and Liquidation Support contractors in furtherance of the liquidation of TCCN will be filed and placed under seal.

Respectfully submitted,

Paula A. Flowers

Paula A. Flowers, #19082

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333 Union Street

Suite 300

Nashville, Tennessee 37201

(615) 254-9146

Special Counsel for Commissioner Pope and

Special Deputy Liquidators Courtney Pearre and
Eva Madison

THIS MOTION IS SET TO BE HEARD ON FRIDAY, MARCH 8, 2002 AT 9:00 A.M. OR AS SOON THEREAFTER AS IT MAY BE HEARD. IF NO RESPONSE IS TIMELY FILED AND SERVED, THE MOTION SHALL BE GRANTED WITHOUT FURTHER HEARING.

CERTIFICATE OF SERVICE

I certify that a true and exact copy of the foregoing has been mailed, first-class, postage prepaid, on this 22nd day of February, 2002 to the following:

Harlan Dodson III, Esq.
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Paula A. Flowers
Special Counsel

A courtesy copy of the foregoing has been mailed, first-class, postage prepaid, on this 22nd day of February, 2002 to the following counsel for *amicus curiae*:

Edwin M. Walker, Esq.
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Nashville, TN 37215-8249

Paula A. Flowers
Special Counsel

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[illegible]

3. In order to marshal the assets and determine the liabilities of TCCN, and prepare to distribute those assets upon Court approval, it has been necessary for me to hire several individuals and firms. Below I will briefly discuss who has been hired, their duties and responsibilities and the basis of their compensation arrangement.

4. **Synertech Health System Solutions, LLC** At the time the order of liquidation was entered, Synertech was the primary claims processing vendor used by TCCN's management company, Medical Care Management Company ("MCMC"). Synertech initially started processing some of TCCN's claims on May 1, 2001, and by November 2, 2001, most of TCCN's claims were being processed by Synertech.

5. Prior to processing any of TCCN's claims, Synertech had "to load" its systems with data supplied by MCMC. This data consisted of, in part, approximately 4,700 different contracts with various medical providers. This process took several months, and the data was still being "tweaked" on November 2, 2001.

6. Between the entry of the Order of Seizure on October 18, 2001, and the entry of the Order of Liquidation on November 2, 2001, I met with officials of Synertech in Nashville. At that time, Synertech claimed it was owed approximately \$4,000,000 by MCMC. Recognizing that Synertech's cooperation was absolutely necessary in eventually determining the liabilities of TCCN, I represented to Synertech that if it would not shut down the operations dedicated to TCCN, Synertech would be compensated for the time period between seizure and the contemplated liquidation.

7. Immediately subsequent to November 2, 2001, I commenced negotiations with Synertech. Simultaneously, I solicited a proposal from Doral USA ("Doral"). Doral had previously made a concerted effort in soliciting MCMC to be selected as TCCN's claims processing vendor. Doral's immediate reaction was that I should proceed with Synertech. Doral stated it would be cost prohibitive for Doral "to load" all of the TCCN data and hire personnel for what was to be a project with a finite period. I requested that Doral provide me their rejection in writing, which it did (see Exhibit 1). As shown by the attached letter, Doral estimated that it would have to charge between \$5,000,000 and \$7,000,000 for this project.

8. USA MCO ("USA") through an affiliated company, also made a proposal to adjudicate the claims filed in liquidation. USA had previously provided a back up provider network for TCCN and had independently adjudicated all claims filed for services provided through its back up network. The USA proposal for support in the liquidation consisted of adjudicating all claims received during liquidation based on a percentage of billed charges, regardless of the provider's contract or course of dealings with TCCN. Although USA's method of adjudication is common in the managed care industry, it, as stated above, did not conform to all of TCCN's contractual arrangements, and in some cases, it would not work at all. Under USA's proposal, USA's compensation would be \$750,000 a month (see Exhibit 2).

9. Eventually I negotiated a contract with Synertech (see Exhibit 3), which set Synertech's minimum compensation for claims processing at \$600,000 per month for 5 months and its maximum compensation at \$4,046,000. In addition, Synertech is to be compensated for any projects which are required because of any unique claims processing procedures posed by liquidation. In each instance, prior to proceeding with such projects, Synertech is required to submit a proposed budget. Synertech's compensation for such projects is based upon agreed upon hourly rates. Synertech's invoice is calculated on the number of hours required, but no event can the final invoice exceed the proposed budget. Synertech's initial compensation also included the prorated cost for the period between seizure and liquidation. Attached as Exhibit 4 is a proposed amendment to the Synertech contract which memorializes and ratifies the commitment I made to Synertech for the period between seizure and liquidation.

10. Synertech's proposal, even considering the additional projects and the pro rata payment for October, 2001, was significantly less than Doral and USA. As noted above, Doral was not interested, even at the increased amount, and USA's proposal was not workable.

11. As the Synertech contract was negotiated, I had Schaller Anderson of Arizona ("SAA") review each proposal. Before signing the attached contract, SAA opined that considering all of the facts and circumstances, I should enter into the proposed contract.

12. **Schaller Anderson of Arizona.** During supervision, the Tennessee Department of Commerce & Insurance ("TDCI") retained SAA to assist in monitoring the implementation of the claims processing system by Synertech. SAA is a nationally known consulting firm that has extensive experience in implementing and using the software used by Synertech. SAA has been retained by on the same terms and conditions previously agreed to by TDCI, to be available on an as needed basis to monitor Synertech's performance. The proposed SAA contract is attached as Exhibit 5.

13. **Pershing Yoakley & Associates ("P&Y").** P&Y is an accounting and consulting firm located in Knoxville, Tennessee that specializes in healthcare accounting and consulting. In order to compare the claims which are filed with the proof of claims with the claims previously processed and paid by TCCN, it will be necessary to merge the data from the three claims processing systems previously used by MCMC for TCCN's claims. See the attached flow chart (Exhibit 6). P&Y has been retained to assist in this process. The P&Y contract is attached as Exhibit 7.

14. Prior to selecting P&Y, I solicited proposals from ACS The Pace Group ("Pace") and AIM Healthcare Services, Inc. ("AIM"). After reviewing the initial proposals of P&Y, Pace and AIM, I requested more specific proposals. AIM declined to submit such an additional proposal. The proposals of P&Y and Pace were essentially the same as to the fees to be charged and the experience of those who would be dedicated to the project. Because P&Y is located in Knoxville and Pace is located in Austin, Texas, there was, however, a significant differential in the estimated travel costs. In addition, I selected P&Y because it was preferable to have these critical services available only a couple of hours away.

15. **Reden & Anders ("R&A").** R&A is a nationally known actuarial firm, which was retained by TDCI to verify the net worth of TCCN, both prior to filing a petition for rehabilitation and the petition for liquidation. A contract with R&A is proposed which will incorporate the same essential terms and conditions as its prior contract with TDCI. A draft of the proposed R&A contract is attached as Exhibit 8. R&A's primary function will be to assist in calculating the amount the Liquidation should receive from the TennCare Bureau because of the "risk band" provision in TCCN's most recent TennCare contract. Under the "risk band," the State essentially agreed to share 50% of any losses incurred by TCCN in 2001. It is anticipated that this will result in approximately \$16,000,000 for the liquidation estate.

16. **ACS Consultec ("Consultec").** Consultec is the company that TCCN's providers used to file claims electronically. Consultec will provide the same services to the Liquidation at the same rates it charged TCCN and other similarly situated managed care organizations. The Consultec contract is attached as Exhibit 9.

17. **Tennessee Receiver's Office ("TRO").** The TRO was established in 1987 as a stand alone resource for receiverships administered by TDCI. Since its creation, TRO has assisted in the administration of approximately 35 receiverships, whose assets exceeded \$100,000,000. The staff of the TRO who have assisted, and will continue to assist, in the administration of the Liquidation are David Weed, Jeanne Bryant, Billy Spaulding and Sara Forton. The TRO has assisted in securing office space, obtaining phone and internet service, obtaining office supplies, changing mailing addresses, obtaining and inventorying documents, securing storage space, hiring temporary employees and numerous other logistical tasks. David Weed and Jeanne Bryant, both licensed attorneys and extremely knowledgeable regarding receivership law, have provided legal assistance. Billy Spaulding is a CPA and has provided accounting assistance. The hourly

rates charged by the TRO staff are the same hourly rates charged in all of its ongoing receiverships. A copy of the TRO contract is attached as Exhibit 10.

18. Waller Lansden Dortch & Davis and Farmer & Luna.

Both firms have been retained to provide legal assistance to the Liquidator. The hourly rate for attorneys of both firms is \$135, which is the same hourly rate which TDCI has approved in all on going receiverships.

19. Independent Contractors. The Special Deputy Liquidator has retained other individuals and firms to assist in the administration of the Liquidation. These are Sterling Consulting, Inc. (referred to as Max Theodore, its principal) (See Contract at Exhibit 11), Tony Butler (See Contract at Exhibit 12), Samantha Israel (See Contract at Exhibit 13), Doris Doney (See Contract at Exhibit 14), Betty Tyree (See Contract at Exhibit 15) and Cynthia Harris (See Contract at Exhibit 16).

20. Mr. Theodore was initially retained by TDCI to assist in the supervision of TCCN. Mr. Theodore has over 20 years of experience in managing and regulating managed care organizations. Mr. Theodore assists with the accounting, the collection of reinsurance proceeds and other special projects as directed by the Special Deputy Liquidator Receiver. Mr. Theodore's hourly rate is the same as previously approved by TDCI.

21. Mr. Butler is the former Vice-President for Information Systems for MCMC. Mr. Butler is providing similar services for the Liquidation. Mr. Butler's prior knowledge of TCCN's claims processing systems is essential in assisting the Special Deputy Liquidator in determining the unpaid claims of TCCN. Mr. Butler's hourly rate was calculated to be consistent with his salary and benefits at MCMC.

22. Ms. Doney is a CPA and was formerly employed by MCMC in its finance department. Ms. Doney has considerable experience in working on managed care issues. Ms. Doney is assisting in collecting reinsurance proceeds, accounting and financial issues and reconciling previous recoupments by TCCN (a function she performed for MCMC). Ms. Doney's

hourly rate was calculated to be consistent with her salary and benefits at MCMC.

23. Betty Tyree was involved with the operations of TCCN from its inception. Ms. Tyree worked primarily in claims processing. Ms. Tyree's knowledge of TCCN's claims processing systems is essential in assisting the Special Deputy Liquidator in determining the unpaid claims of TCCN. Ms. Tyree's hourly rate was calculated to be consistent with her salary and benefits at MCMC.


24. Samantha Israel is a former employee of MCMC. Between her employment with MCMC and the Special Deputy Liquidator, Ms. Israel was employed by USA, which provided a backup provider network for TCCN. Ms. Israel is responsible for timely submitting the 2001 1099's of TCCN, reconciling USA's claims, and in assisting the Special Deputy Liquidator in determining the unpaid claims of TCCN.

25. Cynthia Harris is a CPA, who was retained by TDCI to assist in the examination and supervision of TCCN. Ms. Harris is very knowledgeable about the various claims processing systems used by TCCN. Ms. Harris' hourly rate is the same as approved by TDCI.

FURTHER AFFIANT SAITH NOT.


Courtney N. Pearre

Sworn to and subscribed before me,
a Notary Public, on this the 22nd
day of February, 2002.


Notary Public

My Commission Expires:

3-27-2003